



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

APR 05 2017

ConnectYourCare, LLC
Attn.: Reese Feuerman
307 International Circle, Suite 200
Hunt Valley, MD 21030

Re: ConnectYourCare, LLC
[REDACTED]
Nonbank Trustee Approval Letter
Control # 911745070

Dear Mr. Feuerman:

In a letter dated October 31, 2017, as supplemented by correspondence dated January 11, 2017, February 15, 2017, and March 14, 2017, your authorized representative requested a written notice of approval that ConnectYourCare, LLC may act as a passive nonbank trustee or custodian of health savings accounts described in section 223 of the Internal Revenue Code ("Code") pursuant to section 1.408-2(e) of the Income Tax Regulations ("Regulations").

Section 223(d)(1)(B) of the Code provides that the trustee of a health savings account must be a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Section 223(d)(4)(E) provides, in general, that rules similar to section 408(h) (dealing with custodial accounts) also apply to health savings accounts.

Section 408(h) of the Code provides that a custodial account shall be treated as a trust under this section if the assets of such account are held by a bank (as defined in subsection (n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an IRA described in subsection (a). Section 408(h) also provides that, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

The Regulations at section 1.408-2(e) contain the requirements with which one must comply in order to act as a custodian for purposes of sections 223 and 408(h) of the

Code. Section 1.408-2(e)(1) requires a person to file written application with the Commissioner demonstrating that it meets sections 1.408-2(e)(2) through (6).

Based on all the information submitted to this office and all the representations made in the application, we have concluded that ConnectYourCare, LLC meets the requirements of section 1.408-2(e) of the Regulations and, therefore, is approved to act as a passive nonbank trustee or custodian of health savings accounts described in section 223 of the Code.

This Notice of Approval authorizes ConnectYourCare, LLC to act as a passive nonbank trustee or custodian. When ConnectYourCare, LLC acts as a passive nonbank trustee or custodian (within the meaning of section 1.408-2(e)(6)(i)(A) of the Regulations), it is authorized only to acquire and hold particular investments specified by the trust instrument or custodial agreement. As a passive nonbank trustee or custodian, it cannot have the discretion under the written trust instrument or custodial agreement to direct investments of the trust (or custodial) funds.

This Notice of Approval, while authorizing ConnectYourCare, LLC to act as a trustee or custodian, does not authorize it to pool accounts in a common investment fund (other than a mutual fund) within the meaning of section 1.408-2(e)(5)(viii)(C) of the Regulations. ConnectYourCare, LLC may not act as a trustee or custodian unless it undertakes to act only under trust instruments or custodial agreements that contain a provision to the effect that the grantor is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required because ConnectYourCare, LLC has failed to comply with the requirements of section 1.408-2(e) or is not keeping such records, or making such returns or rendering such statements as are required by forms or regulations. For example, one such form is Form 990-T for IRAs that have \$1000 or more of unrelated business taxable income that is subject to tax by section 511(b)(1) of the Code.

ConnectYourCare, LLC is required by section 1.408-2(e)(6)(iv) of the Regulations to notify the Commissioner of Internal Revenue, Attn: SE:T:EP:RA, Internal Revenue Service, 1111 Constitution Ave., NW, Washington, D.C. 20224, in writing, of any change which affects the continuing accuracy of any representations made in its application. Further, the continued approval of ConnectYourCare, LLC to act as a passive nonbank trustee or custodian of health savings accounts described in section 223 of the Code, is contingent upon the continued satisfaction of the criteria set forth in section 1.408-2(e).

This Notice of Approval letter is not transferable to any other entity. An entity that is a member of a controlled group of corporations, within the meaning of section 1563(a) of the Code, may not rely on an approval letter issued to another member of the same controlled group. Furthermore, any entity that goes through an acquisition, merger, consolidation or other type of reorganization may not necessarily be able to rely on the approval letter issued to such entity prior to the acquisition, merger, consolidation, or

other type of reorganization. Such entity may have to apply for a new notice of approval in accordance with section 1.408-2(e) of the Regulations.

This letter constitutes a notice that ConnectYourCare, LLC may act as a passive nonbank trustee or custodian of health savings accounts described in section 223 of the Code and does not bear upon its capacity to act as a trustee or custodian under any other applicable law. This is not an endorsement of any investment or retirement plan. The Internal Revenue Service does not review or approve investments nor recommend retirement plans.

This Notice of Approval is effective as of the date of this letter and will remain in effect until withdrawn by ConnectYourCare, LLC or revoked by the Service. This notice of approval does not authorize ConnectYourCare, LLC to accept any fiduciary account before this notice becomes effective.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

If you wish to inquire about this ruling, please contact Roz Ferber, SE:T:EP:RA:T1, (I.D. #02-21449), by phone at (202) 317-8724 or by fax at (202) 317-8810.

Sincerely,

A handwritten signature in black ink that reads "Carlton A. Watkins". The signature is written in a cursive style with a large initial "C" and a long, sweeping underline.

Carlton A. Watkins, Manager
Employee Plans Technical Group 1